

*** EVIEW GREAT WALL

First look at the exciting opportunity that is Great Wall Motor Company

The thinking behind the revolution and what it means to people at IM

THE FUTURE

Is there anything to get excited over as we enter 2010?



SUBARU LEGACY

This advertisement marked a major change in our approach and followed lengthy customer research. The line 'Unlike other cars' - which appears on subsequent advertisements in the series - is designed to reinforce the message that our cars do, indeed, have a unique appeal.

UNLIKE OTHER CARS, THE NEW SUBARU LEGACY IS PREDICTABLE IN UNPREDICTABLE SITUATIONS.

Unlike other cars the brand new Subaru Legacy has the World's only Boxer Diesel engine, so it won't roll on corners.

Unlike other cars the brand new Subaru Legacy sends the power direct to all 4 wheels, all the time, for much better grip.

Unlike other cars the brand new Subaru Legacy has perfectly symmetrical balance, so it's much more stable in any conditions.

Because the new Subaru Legacy starts from engineering-design, not design dictated by looks or cost.

Unlike other cars.





UNCOMMON ENGINEERING
UNCOMMON STABILITY
UNCOMMON ROADHOLDING



UNCOMMON SENSE

IM REVIEW 2009/10

By Andrew Edmiston Managing Director - IM Group



Welcome to the first edition of the IM Review! There is always so much that happens during a year in the life of a company like ours that it is impossible to fit everything into a few small pages. Nevertheless, I do hope that you will get a flavour of 2009 from what is contained within this review. I hope that you will also be able to reflect on what has been a challenging year for our industry and our company.

Challenge often goes hand-in-hand with opportunity. And for IM Group, this perfectly describes our current story. So, despite not wanting to gloss over those challenges, the optimism generated by the opportunities we have is, frankly, difficult to conceal.

As you read through the various features and our pages of news from the past 12 months, I hope you feel the same way.

Of course a review such as this is not only an opportunity to look back at what has gone, but is also the perfect occasion to analyse what we have done that will help us in the future. Two of the features do just this.

The first – our look at Customer Relationship Management - illustrates something that will make IM Group more efficient by changing the way we operate and allowing us to be even more customer-driven than before. CRM is something that will live with us and evolve, making us stronger across the company.

The second feature is a close examination of IMPACT - something we've done that will carry us beyond 2010 and into the future. Having signed up to the 12 guiding principles of IMPACT, staff in many areas and overseas locations are already implementing those values that help them to make a difference and to do their job well.

No-one can deny that the future will continue to be challenging, even when the economy picks up. CRM and IMPACT will both enable us the people who are IM Group - to meet those challenges, and meet them firing on all cylinders and delivering maximum performance so that we remain ahead of the opposition.

SUBARU

Translated, the headline says: 'Sorry BMW, Audi and Mercedes, Sweden's most satisfied customers drive Subaru. (This year again)'

The advertisement capitalises on Subaru's success in an important customer poll where owners vote for the various elements of their purchase with which they are satisfied. It is the second time Subaru has come top of the league. (See news items)

TYVÄRR BMW, AUDI OCH MERCEDES.

SVERIGES MEST NÖJDA BILÄGARE KÖR SUBARU (I ÅR IGEN).



SVERIGE MEST NÖJDA BILÄGARE KÖR SUBARU.















WWW.SUBARU.SE

IM REVIEW 2009/10

CONTENTS

- 6 NEWS: TOKYO MOTOR SHOW, WHAT THE PAPERS SAY. NEW DEALERS, ECONOMIC OUTLOOK PLUS MUCH MORE...
- 14 CUSTOMER RELATIONSHIP MANAGEMENT: A NEW WAY OF THINKING FOR IM AND ITS FRANCHISES.

20 REVIEW OF THE YEAR

changes and successes of 2009.

26 FROM STRENGTH TO STRENGTH:

A LOOK AT HOW IM PROPERTIES HAS COPED IN THE DIFFICULT ECONOMIC CLIMATE.

28 A STITCH IN TIME SAVES NINE:

HOW AND WHY THE FUNDING CORPORATION WENT THROUGH A PROCESS OF SELF-EXAMINATION AND RESTRUCTURING.

30 IMPACT

The thinking behind the revolution and what it means to people at IM.

33 GREAT WALL

Here is the first look at Great Wall Motor Company and how IM is playing its part in bringing GWM to Europe.

42 THE FUTURE

Is there anything to get excited about as we enter 2010?

SUBARU T TOKYO SHOW

Subaru's show-stopper at the 41st Tokyo Motor Show in October revealed the future of environmentally-friendly cars.

The Hybrid Tourer Concept retains all the Subaru DNA, including a 2-litre Boxer engine and allwheel drive thanks to two electric motors - one at the front and one at the rear. The Concept's styling is striking, having no B-post and double gull-wing doors.

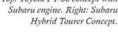
Paul Tunnicliffe, managing director of Subaru UK, commented: "The Hybrid Tourer Concept perfectly demonstrates our commitment to environmentallyfriendly innovation. This vehicle shows that our engineers are capable of developing something which is both technically advanced and stylistically enthralling, hinting at our future design direction."

Meanwhile, Subaru had a significant presence on Toyota's Tokyo Show stand. For under the bonnet of Toyota's FT86 Concept

> Top: Toyota FT-86 concept with Subaru engine. Right: Subaru

sports car - making its world debut - sits a Subaru 2-litre Boxer engine described by Toyota as 'strong on both performance and environmental quality.'





RETRENCHING AT RYDER STREET

IM Group's former head office at Ryder Street, West Bromwich will have been demolished before the end of the year to make way

for warehouse units. And the Broadwell building, a few minutes' drive from Ryder Street, where company cars and the Press fleet

were prepared and maintained, has been closed and put up for sale.

Only two groups remained in the Ryder Street offices - the training

£1/2-MILLION

NEW OFFICES

Gleaming new offices and additional space at IM Group's vehicle import and storage centre at Sheerness, Kent, have been opened and they cost just the price of new blinds for the windows!

Part of a £210 million re-development taking place under the auspices of SEEDA - the South East England Development Agency - and Kent County Council required a traffic island on the upgraded A249 to be built where IM's offices stood. "It was a bit of a shock when we found out they would have to

demolish our buildings," said Darren James, IM Group logistics director. "However, they changed the boundaries of our site meaning we gained a 10% increase in vehicle spaces taking us up to 6,350. And, because our old buildings contained all the mains services for the site. they had to replace them. So we

now have a much bigger, modern building at Sheerness. It fulfils our dream of a southern base for IM Group because we have a board room and space and facilities to hold events. "We also got a much more robust security system. In all we gained £500,000 of benefit to IM – and it cost us nothing. Well.

that's not quite true. We spent £2,000 on window blinds!" Darren said the development made the environment much better for staff. It even included picnic areas where staff can eat lunch on sunny days. "But, more importantly, it shows we mean business there and it shows we're there to stay."

TAX MAN

Gary Hutton, former audit partner at BDO Stoy Hayward LLP (now known as BDO LLP) and a close advisor to the Edmiston companies and family on tax and financial matters for many years,

has taken up the post of IM Group administration director.

Gary, 50, was recruited in the summer of 2008 when Bob Browning retired, but had to complete a year's notice with BDO before joining IM in July 2009.

From November, he took on the additional role of chief executive of IM Properties plc when Mike Adams stepped down as managing director. (See pages 26/27) "Having known Bob Edmiston and the IM Group for many years as a partner at BDO, it's quite a strange feeling to suddenly find myself an employee

at IM," said Gary. "I've always been my own boss and it's quite a change to be accountable to a boss who's not me! But I'm enjoying the challenge of my new roles."

During his last 10 years at BDO, Gary was part of the real estate group - the largest business sector of BDO. Over the past five years he headed the southern region real estate group, working with many property companies.

He moved from Sidcup, Kent, to Leamington Spa in June with his wife, Julie, and their five children.



Garv Hutton. IM Group administration director.

school and parts administration staff. The parts team has moved to IM House at Coleshill and the training school has retrenched into

the adjacent parts warehouse, which has been redeveloped to make better use of available space. Previously it was significantly

under-utilised.

The moves have substantially reduced costs while enhancing working conditions.

WHAT THE PAPERS SAY

Motoring journalists are a hard-nosed bunch. They've seen it all before and have the sharpest of noses for anything that doesn't quite smell sweet. Which is why the praise they heap on our cars is acknowledged for what it is - expert judgement!

Here is a selection of comments from just a few of the many automotive scribes who have tested the new Subaru Outback and Legacy models.

AUTO EXPRESS

Highly-respected Auto Express put Subaru's Outback 2.0 D head-to-head with Saab's 9-3X TTiD - and the Outback won!

"Traction from the four-wheeldrive system is brilliant and, with an additional 52mm ground clearance, the Outback is much better suited to mud and ruts than the 9-3X. Build quality is first rate and the driving position is superior to the Saab's.

"As a result, it's the perfect car for families and, when you consider its generous equipment, the Subaru looks much better value for money."

SCOTLAND'S DAILY RECORD

Bruce Booth, writing in Scotland's Daily Record, says the Subaru Outback "offers a drive to remember." And he admits to his readers that he has a 'well justified' soft spot for Subaru and its products.

After driving the new diesel Boxerengined Outback 2.0D SE, he adds the

engine to his reasons for having a soft spot for Subaru. Tipping the 2-litre diesel to become the most popular unit in the range, he says: "Pumping out 148bhp and with 350Nm of torque under its belt, it is ideally suited for most owners' needs.

"As a bonus, it will return more than 46mpg on the combined cycle."

WHAT CAR?

What Car? Magazine pitted the Legacy Tourer 2.0D S against Skoda's Octavia Scout 2.0 TDI PD. Commenting on the Legacy's styling, testers said: "This new Legacy could hardly look more different from its understated predecessor, and the differences in their driving manners are just as pronounced." They describe the Boxer diesel engine as "smooth and refined" and emphasise the higher residuals on the Subaru.

WhatCar? voted the Legacy winner of the road-test duel. "It will cost you more to buy, but we reckon it's worth it for the extra space and practicality.

"The Legacy is also comfortable and well kitted, plus it has a much better engine."

US JOURNOS AGREE ON OUR SUV

In North America the influential Motor Trend magazine has named the all-new Subaru Outback as its Sport Utility of the Year. The accolade is particularly noteworthy as the USA is the world's largest market for sales of SUVs.

An expert panel of 11 road testers were involved in the judging, and the magazine praised the Outback for being "spacious, tough, thoroughly modern, and exceedingly capable".

The pioneering crossover saw off some extremely stiff competition from the likes of the Volvo XC60. Audi's Q5, the Lexus RX450h and Mercedes-Benz's GLK350. When the final votes were tallied, the Outback won by a decisive 10 to one. It's the second time in two years that Subaru has taken top spot in Motor Trend's SUV shakedown. Last year, the Subaru Forester went home with the coveted 'Golden Calipers' trophy.

NORDIC REGION

Reaction to the new models has been excellent in the Nordic region. Teknikens Värld, one of the most important Swedish magazines says of the Legacy: "The [seat] cushions form to the body like an ergonomic mattress." Aftonbladet, the biggest Swedish evening paper, described the Outback as, "The World's first Boxerdiesel – a jewel that runs smooth like silk." But perhaps the review that gives the most satisfaction is in Auto motor & sport where the Forester won in a three-car shootout against Audi's Q5 and BMW's X1 - the first time a Japanese car has beaten German models. "This car [Forester] will never break - and you really feel it," said the magazine.

Picture shows Torbjörn Lillrud, managing director, IM Nordic.

LEGACY'S RECORD

IM Nordic launched the new Legacy in September with TV advertising campaigns across all the Scandinavian countries.

At the same time, the Subaru website received a record number of hits. "We've never had so many visitors before," reported managing director, Torbjörn Lillrud. The previous week, IM Nordic and its dealers sent out invitations to 100,000 VIP owners of Subarus and competing marques to

attend exclusive dealer gatherings the night before the brand's Open Door weekend held on 10th and 11th October. Hardly had the dust settled than the campaign to launch the new Outback started. Another 100,000 invitations were sent out for a similar Open Door weekend early in November.



NORDIC No 1 AGAIN

Subaru has regained its crown as the No I brand in Sweden when it comes to customer satisfaction.

Having taken the title at the first attempt in 2007, Subaru lost out to BMW in 2008. But it is back again, at the top of customers' expectations, in the 2009 survey.

"It is the biggest customer survey," said Torbjörn Lillrud, managing director, IM Nordic.

"Unfortunately, Subaru is too small in Finland and Denmark to be included and they don't conduct the survey in the Baltic countries." Guess who would be No 1 if they did!

Neville Matthews, managing director, Subaru Ireland (left), hands over three Forester Commercials to David Southern (centre) and Gordon Matthews of RLI.

QUALITY DEALERSRECRUITED

Being able to attract new dealers to our franchises is important in a normal year. In 2009 it has been absolutely vital...

Increased prospecting has led to a high level of interest in the franchises and subsequent new appointments. Indications are that we could end the year with as many as 30 Subaru and Isuzu new appointments.

Some already signed up include Guernsey's Le Mont Saint who have been welcomed back after a year's absence. They got off to a flying start by selling eight new cars in a six-week period. We also welcomed back to Subaru, Chapmans in Pickering and EMG in Bury St Edmunds.

Newly-appointed Silverstone Autosport, near Chester, bring exceptional technical experience to the franchise thanks to their motor sports background – they own the Silverstone Rally School! Other appointments to the Subaru UK franchise have come from the Daihatsu dealer network, including Woodford and B&M in Amersham.

Isuzu has also seen excellent progress with 16 new appointments during the year. Six new dealers have come from the Daihatsu franchise and we are in discussion with several others. AM Phillip of Inverness are to open a second site in Aberdeen whilst our targeted approach to existing Isuzu Truck dealers and agricultural companies resulted in three appointments.

In the Nordic regions, there were



four Subaru franchise appointments during the year: Metro-Auto in Helsinki, Finland; JMA Siualiai in Lithuania, and two in Sweden – Gustavsberg in Stockholm and Väla Bil AB in Helsingborg.

IM Nordic managing director, Torbjörn Lillrud, says dealer development in the region is ensuring that the quality of dealerships is maintained. "In 2003, when we restarted Subaru in the Nordic market, we had 57 dealers and sold 1,000 units a year. Today we have 115 dealers and last year sold 7,100 cars."

Despite a 70% slump in the Irish motor market, Subaru Ireland has caught the attention of many potential new customers and have doubled their market share, thanks to the introduction of the new Boxer Diesel engine across the range.

A sponsorship deal with Irish rugby referees continues to generate

excellent exposure. The sporting profile has been further enhanced by the announcement that Rugby League Ireland have leased three Forester Commercial diesels to visit clubs and schools to promote rugby league.

Meanwhile, Dublin Gaelic football star, Bryan Cullen, has recognised the many virtues of the Legacy Boxer Diesel. The popular half-back took delivery of his announcing: "I always look for a head-turner when choosing a car. But I also highly rate security and comfort. For me, the Subaru Legacy ticks all the boxes."

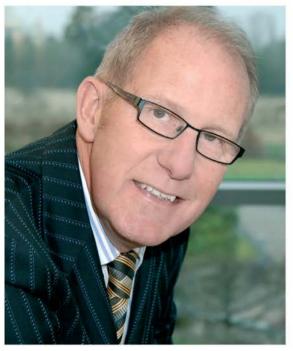
Such high-level publicity came as good news to Ireland's newest Subaru dealer – The Sweep Garage Ltd., located in Kilmeadon and serving Waterford City and County. The garage has been owned and run by the Daly family for more than 20 years and has added Subaru to its Fiat and Alfa Romeo franchises.



PUSHING THE BOAT OUT -RELAXING! After almost 30 years with Daihatsu, Peter Jessop retired on his 65th birthday in November. He moved from Dover to the Midlands when IM acquired Daihatsu in 2000 to continue as product marketing manager – a position that embraced several different roles. The training that gave him will stand him in good stead during retirement: "My wife has

got lots of jobs ready for me!" he said. Plans to draw up a timetable for activities in retirement were binned before he left IM House for the last time as an employee: "I've decided to take every day as it comes," he said. Indulging in his hobbies of photography and making model boats will doubtless figure prominently.

Paul Tunnicliffe, managing director, Subaru, Isuzu and Daihatsu in the UK



RE-STRUCTURE

IN THE UK

In the early part of 2009, the decision was taken to streamline all of IM's UK sales operations into one team under the management of new MD, Paul Tunnicliffe. Paul said, "In this uncertain business climate, it is vitally important for the sake of our manufacturers, dealers and staff that we take every opportunity to review our spending levels and reduce costs.

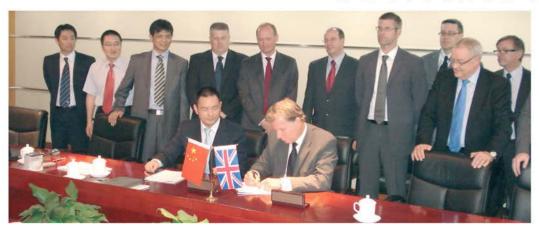
"Although we face tough times ahead, this new structure, and the savings it brings, gives us the best possible opportunity to maximise the

potential of all our brands."

Commenting on the appointment, Andrew Edmiston said, "Paul's experience and success with the Daihatsu brand sees him perfectly placed to deal with the challenges and opportunities that we face in the UK. His excellent marketing credentials and genuine affinity for the dealer network will be a tremendous asset to both Kenyon Neads and Sam Burton as they re-define Subaru's brand image and dealer relations for the next decade."

GWM/IM NORDIC

CONTRACT SIGNING



Torbjörn Lillrud signs the distribution agreement that will see IM launching Great Wall Motor's products in the Baltic states phase one of GWM moving into Europe.

The signing took place in Boading, China, in September watched by members of the IM Nordic team and IM's team in Beijing. The contract covers the whole of Scandinavia, with IM forming a brand new company, Great Wall Nordic, that will manage all operations in the region.



situation facing IM Group.

Of the many aspects of the economy - and how they combine to affect IM Group in the future - the exchange rate between the pound and the Japanese yen is the most significant.

However, every influence has to be taken into account in order to make predictions. In the case of the yen, the Royal Bank of Scotland's November snapshot, compiled by Reuters, indicates that between now and September 2010 the trend should be towards a weaker yen which would be beneficial to IM.

Against this, consideration has to be given to the UK car market prospects where VAT is set to return to 17.5% in January and the Government's scrappage scheme is due to end in February. It is difficult to gauge what impact these factors will have on UK new car sales, but neither is calculated to boost the market.

A potentially adverse effect on the UK economy, and currency exchange rates, is higher public spending requirement. In November the government reported that October's PSBR was £11.4bn, against expectations of £7bn, and up from £10.1bn in October 2008, the concern being that further quantitative easing may be required, possibly delaying recovery and weakening sterling.

New car sales in the UK are not expected to recover in 2010 on ground lost in 2008 - when sales were down 11.3% at 2.132 million - and further

losses this year (2009) for which the SMMT forecasts a market of 1.92 million, down 9.6%. The SMMT says 2010 will be 'challenging' with a predicted total car market of 1.78 units - down 7.8%.

"We would like to feel cautiously optimistic," said Andrew Edmiston, IM Group managing director. "But we have to be realistic and take into account all the factors. Britain, unlike most of its European neighbours, remains in recession as we end the year.

"What is clear is that irrespective of how the economy changes, we are going to have to work hard to deliver the potential that the brands we operate promise."

*The new Rodeo range from £11,649 to £25,499 CV OTR. Prices correct at time of press and exclude VAT. Available while stocks last, at participating Dealers only. Specification may vary. Vehicle shown is a Rodeo 2.5

AGRICULTURE DOESN'T HAVE TO MEAN DIGGING DEEP



THE NEW RODEO RANGE FROM £11,649*

- ONLY £185 ROAD TAX UNLIKE MOST 4X4s CLASS LEADING FUEL ECONOMY & EMISSIONS
- LOWER RUNNING COSTS THAN MOST 4X4s
 IN BUSINESS? YOU CAN CLAIM THE VAT BACK

CALL 0844 662 66XX OR VISIT ISUZU.CO.UK

RODEO 2.5 DENVER

- With an impressive 1075kg payload High efficiency projector headlamps

- All new 2.5 commonrail diesel engine Selectable electronic four wheel drive
- Powerful class leading 3000kg towload
 CD/MP3 sound system with RDS Tuner
- Accepts Digital Tachograph System Air conditioning with pollen filter
- Tough, stylish 16" Glacier alloy wheels ABS coupled with EBD for precise braking



ISUZU UK

Aimed at those whose pick-up truck must be a strong and willing workhorse, this advertisement emphasised that the Isuzu is entirely fit for purpose. It featured in agricultural and forestry media.



CRM – a three-letter acronym for a revolutionary way of doing business that will play a significant role for IM Group's relationship with its Subaru, Isuzu and Daihatsu customers and in its future development.

CRM, says managing director, Andrew Edmiston, is key to delivering improved customer service and consistent marketing which, in turn, will increase sales volume and profitability.

Customer Relationship Management, also known in some quarters as customer relationship marketing, is a way of turning a business on its head, says Howard Ormesher, group CRM director. "Traditionally, businesses are product oriented - designed around making products, and selling products. But CRM is about understanding the customers' needs,

then meeting those needs with the products the organisation produces. It's about tailoring the marketing messages to individuals that might buy a product or might have already bought a product."

He is reluctant to call CRM a revolution. "I believe it's an evolution. It is an efficiency argument. It's about spending the budget more accurately, more precisely and more effectively. It's all about engagement with customers."

With its three brands, IM is very much a niche player, says Howard. But it has been trying to compete in traditional ways with traditional car manufacturers – a hugely difficult task taking into account the size of IM's budgets compared to those of Audi, Ford and other rivals, who spend hundreds of millions of pounds on TV and Press advertising.

IM has to be smarter. It has to find clever ways of getting its marketing messages through to the individuals buying its products. "In the past we broadcast our marketing messages to broad-brush customer groups. What we do now is to much more understand the customers who buy our products. We have a very high level of repeat purchase – 67% which is the second



CONTACT TRACKER

Key points in the sales process such as conversion of leads into test drives can be imaginatively presented to both IM and dealer sales teams.



highest in the car industry. We need to get under the skin of that relationship, understand why those people buy our products, and use that knowledge to deliver ever-more pertinent and relevant messages."

The CRM system brings together all of IM's customer data and knowledge gathered over the past 10 years. It identifies customers who have repeatedly purchased throughout those 10 years and contains all the enquiry information from customers and potential customers recorded over the last 3 to 4 years. In addition, through external databases, it has information on when vehicles have changed hands. "This means we can start to understand how different models vary in terms of their ownership periods, and then start to predict when people are likely to change," said Howard.

"We also have information from dealers. And I see CRM very much as a partnership, with us working with the dealerships. That's why it's not a revolution but more of an evolution – it's about evolving the way we work. Dealers are sharing information with us, and by pooling all the information, we have a far more accurate and complete picture of that customer's relationship with us as a brand.

"The whole background to CRM is giving the customer permission to drive the relationship with us. It's about them setting the agenda. It's a three-way relationship between us as the franchise, the dealer and the customer. The vision is for the customer to take much more control and get much more involved in that relationship, driving the way that they interact with the brand. This is especially true given the growth in the use of the internet to research car purchase, and how the internet is likely to change how car ownership is managed."

With less than 1% share of the UK market.

IM potentially needs to target 8 or 9% of the population as possible customers. Traditional advertising and marketing methods covered a much broader church of potential customers thus wasting some of the cost of advertising. Introducing CRM as part of the marketing mix gives the ability to narrow IM's communications to precisely the target audience it needs to cover.

There will be financial pay-back, as well as enhanced customer relationships, says Howard. "Longer-term we would hope to reduce our dependence on advertising spend. In the meantime, there will be a shift in balance between traditional broadcast spend and more direct and targeted communication. With the growth of e-mail we have an extremely low-cost method of communication. But it takes time to gather e-mail addresses and gain consent from customers to use them."

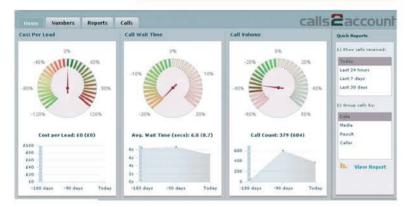
Pay-back will also come through increased retention of service business, increased repurchase and all the after-market business. said Howard.

One of the main difficulties in utilising CRM - and the reason many manufacturers struggle to build the necessary information system - is getting information from dealers. "My message to dealers is that we're in this together," he said. "It's about trust. It's about them trusting me and trusting us. We have to build that trust. And I accept that we have to work much harder with dealers to win that trust."

CRM will, he says, work to the collective advantage of IM and its dealers. "It's not in any way about disadvantaging them. It's about driving up their business, and to do that we need to start to punch above our weight. If they are prepared to make that leap of faith - and I think a lot are - that's when we start to deliver the payback."



"It takes only one visit to an IM dealer to realise that the relationship we have with our customers really is unique"



A key advantage of niche brands such as Subaru, Isuzu and Daihatsu is the ability for dealers and distributor to get close to customers, says Andrew Edmiston. "You feel it all over the company. It takes only one visit to an IM dealer to realise that the relationship we have with our customers really is unique."

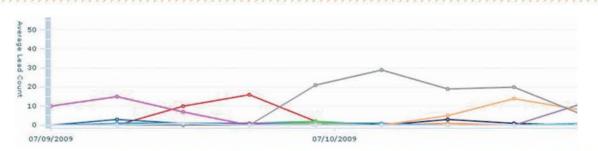
So why change? Why introduce CRM?

"Take a look at the 12th of our IMPACT values and you will see why," he says. "It says: We will always be hungry to improve and will never be satisfied.

"There is an unimpeachable rule in human nature that forces us to keep wanting more. In fact, there is a school of thought that maintains you are moving backwards if you are not moving forwards. There's no in-between... If this is true, then the time for us to re-invent the way we do customer service is right now. Excellent customer service is a real and existing strength. But I know we can do it even better!"

CRM is a concept that is well known, but little understood, says Andrew. "It's quite easy to understand what one might be trying to do when creating a CRM system. But actually making it work in practice is a little more testing.

"The key to delivering this 'promised land' is to get back to basics and avoid the obvious traps, such as inventing technology for the sake of it or perhaps even making it harder for customers to have a proper relationship with us than before. What we need is a clear idea of exactly what we want our customer relationships to look like, and then build a computer system and database that helps us to deliver it."



CALLS 2 ACCOUNT

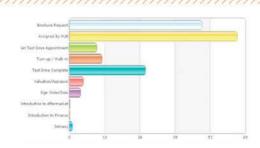
IM now has the ability to track call volumes over time to assess the effectiveness of individual compaigns



With the decision to implement CRM across the Group, Howard Ormesher was recruited from The Funding Corporation earlier in 2008 and appointed CRM Director. "It was clear that when it came to the understanding and implementation of CRM, the car industry seemed much less advanced than the finance industry," said Andrew. "It was equally clear that a revolution in thinking - that's Howard! - could bring great benefits to a niche player like IM."



CALLS 2 ACCOUNT This can also be analysed by source



CONTACT TRACKER

Crucial information about the status of sales leads and their progress towards purchase can now be delivered to the dealer sales teams

MAKING IT HAPPEN

Here are the views of just a few of the people who will assist in CRM's implementation.



KENYON NEADS

DIRECTOR OF UK MARKETING

If CRM is the powder in IM's keg, Kenyon Neads is the man who has to pour that powder into the muzzle of UK marketing. As UK marketing director, he has to hang on to every existing customer in the face of ever-improving rival products, big-buck advertising budgets as well as attracting new buyers to the brands.

"We have to be able to incisively target our existing customers with timely, resonant messages and continue to cultivate our relationship with them to ensure they remain loyal."

"But typical Subaru customers do not, he says, necessarily respond to advertising. They are not driven wholeheartedly by brand kudos. "They are very much driven by how the brand serves them rather than what it says about them." They become 'quiet' ambassadors for the brand, says Kenyon.

CRM will, he believes, see them becoming even more ambassadorial for the company and its products. "Being part of a wider club is something that they ascribe to. But they don't like shouting from the roof-tops about the brand.

"They are self-assured and proud of their own insight that prompted them to buy a Subaru for its virtues. As a consequence they are uncomfortable at the thought of it growing into a huge mainstream brand competing with the arrogance of some of the German brands."

However, not only is CRM designed to retain customers who have already seen the light, it has to identify new buyers, thereby increasing sales and revenue. That's expensive – between five and seven times more expensive than retaining an existing one.

"CRM will help in that we will be creating some more brand ambassadors and the better we know our customers and their buying motivations, the better we can drill into much more incisive messaging to unlock potential buyers.

"Our CRM programme means our database is now managed much more scientifically delivering valuable operational merit."

NEVILLE MATTHEWS

MD SUBARU IRELAND

"I believe CRM is going to be very important for us because customer relations form a very large part of what we do. We are a niche brand and have been confined in the past to petrol engines. However, with the advent of the Boxer diesel engine we see ourselves rolling out the product in a much wider way and we're very focused on customers and customer relations, and how we manage that."





DARREN JAMES GROUP LOGISTICS DIRECTOR

"CRM is a vital and important part of the future for the parts department because we've got to be clever and innovative in the way parts are marketed. Parts are not something that turn people on. However, we are under attack from the spurious parts people on certain lines. So we have to look at a way of targeting and ensuring that every time we do a campaign it is specifically targeted and that every pound spent counts. CRM is going to help us do that." At a recent Board meeting, Darren presented a project designed to increase parts activities in 2010. The project draws heavily on CRM data. "In the past the parts business has been relatively straight forward. That isn't the case today. Subaru cars are very reliable and they are getting more and more reliable, so we need to take this opportunity to think about how we can use our resources to better serve our customers given this improvement. Our database is a really valuable tool to help us achieve that".

ROY MARSHALL

GROUP AFTER SALES DIRECTOR

For IM Group's UK after sales director, Roy Marshall and his team, news of the launch of CRM was like having all their Christmases at once. "On our side of the business we had been pushing for a customer relationship programme that we could utilise because we're in the business of not only providing technical support, but also of customer service and service retention," he said. CRM will make his team more efficient and appear to customers as being far more professional.

"There's nothing more frustrating when you ring a company and somebody different answers every time and you have to go through the whole scenario again. We will have the whole history of the vehicle, and previous calls from the customer, right in front of us making it much easier for us to deliver a quick, efficient service." Roy is excited by the benefits CRM will bring to the programme of electronic service vouchers (ESV) whereby all the service history of the vehicle traditionally marked in a booklet usually kept in the glovebox - will be stored online. Ultimately, this information will be able to be accessed by the vehicle owner. "And



when we get into the customer service index side of the system, we will be able to measure exactly what the expectation of the customer is from our business," he added. "Of course everyone wants to be treated courteously. They want to be treated efficiently. They want any repairs necessary completed first time. And they want the car washed, cleaned and valeted... But it's the other, little, things that mean a lot to people - things we should be able to recognise and deliver. CRM enables us to do that by treating every customer as an individual."

FREDRIK TOTTIE

MARKETING DIRECTOR. SUBARU NORDIC

He is convinced CRM will result in happier customers. "Even before we started using CRM, our customers were very positive because they are so happy with their cars. In the Nordic region we have a very high loyalty to the brand. When I first heard a year ago that IM were developing something, I was very pleased. CRM will bring nothing but benefits to us."





REVIEW of the year

BY ANDREW EDMISTON

Entering the New Year and leaving the old one was tinged with mixed feelings for pretty much everyone. On the one hand few people would mourn the passing of 2008, a year in which the ripples of the global financial crisis would well and truly rock the boat of the European motor industry, but on the other hand nobody was expecting 2009 to be a bundle of laughs either.

The largest markets in Europe for cars, property and finance were experiencing the kind of turbulence that had most commentators declaring our current predicament as a near-identical fit for the infamous 'Great Depression' of 1929 and onwards. The truth was that nobody knew where all this was heading. This fact furthered the pain since the consumer either had no money or no confidence or both. Whichever it was, they stayed at home for the first quarter of 2009 leaving IM's UK import businesses to suffer their worst March sales for a generation. Neither Ireland nor Scandinavia fared any better

with sales heavily down on the first three months of 2008.

If confirmation were needed that 2009 was going to be tough it had arrived in the most painful way.

In the UK however, there was at least something of a silver lining. Buyers looking for great value had turned to late model used cars instead of new ones. Using the used car stock that was becoming available from vehicles at the end of a lease contract, our UK dealers were able to trade profitably in the heat of the worst downturn in living memory; we suffered no dealer bankruptcies during a period where the whole industry was concerned about this specific issue.

At the same time, in our crisis-hit Nordic markets we were able to work closely with dealers to make sure that we could help protect their businesses too. The tremendous sales momentum that had been built up over the last

few years was now only being threatened by the strengthening value of the Yen and not, as in the case of virtually all our competitors, by the market itself.

In February and as a testament to the strength of the relationship between Fuji Heavy Industries and IM Nordic, we were able to agree special temporary pricing that allowed us to supply a shipment of much needed Foresters into Finland at a time when the value of Yen was almost impossibly high!

Similarly remarkable stories existed in Ireland where the market was around 75% down yet one company was increasing its market share strongly by losing a 'mere' 25% of previous sales and thus becoming the least affected of all the manufacturers. With the Irish economy suffering

Perhaps the single biggest thing that will mark this period for IM Group's UK employees is that between September 2008 and March 2009 around 50 people were made redundant, along with other key cost savings such as marketing and communications cuts plus other items such as the halving of our IT budget. There can be no doubt that this was a painful experience but did it mean we were preparing to do our job less effectively or satisfy our customers any less? Not a bit of it.

New ways of achieving even better standards than before, with fewer resources, needed to be found. The strategy already being pursued by IM was to become even more important as that strategy was designed to do exactly what the Group now needed more than ever. Initiatives

remaining question, though, was how to turn around sales when the all-important currency trading environment remained so hostile? Part of the strategy the Group was pursuing sought to re-focus attention in the UK on developing a researched and consistent marketing message for its Subaru brand. The success of this approach had been witnessed not only in prior years in the UK but also more recently in the success of Subaru Nordic, particularly in the Swedish market. Subarus have always been bought by customers not lacking in self confidence. They think in a certain way and understand the innate benefits provided by a product that is designed and manufactured to a clear and consistent philosophy; one that values substance and fitness for purpose above all else. Many words could be









There can be no doubt that this was a painful experience but did it mean we were preparing to do our job less effectively...? Not a bit of it.

particularly heavily from the global financial crisis plus the devastating effect on the market of extreme CO2 taxation, well known names like the UK's Land Rover were moving out of the market completely, so spectacular was their sales collapse. The name of that company increasing its market share so much? It was us, of course!

Now, let's not beat about the bush here, it didn't feel great. After all, the one eyed man may be in the kingdom of the blind but he still only has one eye. The truth is, IM is a company that doesn't much care for what should be happening, only what actually is happening. So it doesn't matter that we should have expected to lose more sales than we were, the fact that we were losing any at all was real cause for concern.

that IM Group employees would already be familiar with such as the new IM Portal, an excellent tool to promote a community feeling and better communication among staff and IMPACT, a 'values' based programme to improve the team atmosphere, generate a more positive attitude and deliver higher levels of customer service in addition to the ongoing investment IM has been making in a state of the art Customer Relationship Management project will be key to how successfully the company rises to the challenges that 2009 has laid down.

The cost savings, however, were having the desired effect with the Group returning a profit during the hardest recession any of its employees had ever lived through. The

used to sum up the virtues of the Subaru brand but a good one is 'integrity'. Being a niche brand (a brand aimed at a specific part of the market to the exclusion of others) having fewer customers is part of the point. This does, though, bring certain challenges; how does our marketing department compete when less focussed brands have far greater financial resources to sell a less appropriate product to our core audience?

At least part of the answer is to work out carefully what we want to say and then keep saying it. It's a trick that worked for our Daihatsu business beautifully. So, during the summer of 2009 a number of clinics were held to gain valuable additional knowledge to the large amount we already knew about our customers.

The hard work over the summer was beginning to pay off right across the Group and the new Legacy and Outback ranges look set to be a major asset in taking Subaru to a wider audience.



In July the London based Chick Smith Trott advertising agency, already known to IM with their work on the Daihatsu brand, was appointed. Coming up with an advertising style that always begins with 'Unlike other cars...' the message that Subaru is different was placed high on the agenda. The pay-off line 'Uncommon Sense' will strike a chord with Subaru people everywhere (and hopefully those who are Subaru people but just don't know it yet!)

A wet road and autumnal leaves magically flying out of the way to let a new Legacy past really did illustrate the value of Subaru as the brand returned to TV in late October. Response levels were extremely strong with Subaru UK adopting a real back to basics marketing approach. The new Legacy and Outback had well and truly arrived.

In fact, across the Group, reaction to the new Legacy and Outback was extremely warm with dealers really taking to the car in a 'love at first sight' kind of way. Dealers in Scandinavia were given a first glimpse of the new products while dressed in ceremonial Japanese kimonos, though one suspects they felt more comfortable in the cars than they did the clothes! With the Forester spearheading the growth in Nordic markets and particularly Finland, this new Legacy and Outback gave Subaru the opportunity to really take a leap forward. The product overlap between Impreza, Forester, Legacy and Outback is now virtually eradicated - a boon for all the markets IM Group represents Subaru in. In Scandinavia, order books quickly began to rise and, in September, Subaru UK made significant sales improvements over the previous year. The hard work over the summer was beginning to pay off right across the Group and the new Legacy and Outback ranges looked set to be a major asset in taking Subaru to a wider audience.

The advent of the Tokyo Motor Show in October saw a number of representatives from all Group companies in Europe heading off to Japan for various meetings including the Subaru

World Distributors Conference. In what has been a tough period for the global Automotive industry, there now exists 16 million units per annum excess capacity, or if you prefer, around 80 factories too many. This precarious position is something that will have a huge influence on boardroom decisions across the globe. Subaru, though, is working at full capacity with little prospect of that changing in the near future, particularly as new Legacy and Outback sales begin to grow further.

Of course, in an industry now massively focussed on carbon emissions it would be easy to imagine this short term situation turning sour fairly quickly if Subaru does not keep pace with industry developments regarding new, low CO2 products. In 2010 a new, cleaner boxer petrol engine arrives leading a number of new product initiatives that will culminate in the launch of Subaru's first hybrid in 2012 – something that promises to be a real groundbreaking product if their targets are met (something that Subaru is

It is less a matter of opinion, more a statement of fact, that if you don't distress sell your product you protect your customers.

pretty good at, it has to be said).

The same occasion also gave opportunity to meet with Isuzu. In many ways Isuzu has had a quiet year. Sales have been steady and the franchise has been profitable, preferring to steer clear of the brand-damaging activities of many competitors. The Isuzu Rodeo still stands head and shoulders above the competition in terms of fulfilling the brief set out for it; it is easily the best utility vehicle in the market and tends to find favour with customers less concerned with lifestyle-based product virtues and more with a genuine no-nonsense approach to fulfilling daily professional duties with confidence (just ask Group Accountant, David Wheatley who managed to deliver his and his wife Carla's new son, Reuben, in the front seat of his Rodeo, proving that accountants are more practical than you might think - congratulations both!). It is less a matter of opinion, more a statement of fact, that if you don't distress sell your product you protect your customers. In so doing you build a long term and stable business where there exists a trust between brand and customer. If we do indeed have a stable business, 2010 should see a continuation of the Isuzu philosophy which is to build great trucks, properly fit for purpose, linked to the IM determination to work ever harder for our customers.

Daihatsu has had a trickier year. There's no hiding it; when you are selling small cars the profit margins are smaller too. The costs though, well, that is a different matter - they tend not to be smaller. For instance, it costs the same to take a page in the Daily Mail if you advertise

Subaru, Isuzu or Daihatsu, regardless of the fact that their respective retail prices are vastly different. Even at the factory, I daresay the person who puts the wheels on a new Daihatsu costs the same as the man who does it for Subaru. or even Lexus for that matter.

One of our great strengths as a company is to work out how to take these facts and turn them into a good business. There is no doubt that Daihatsu has been a success story over the last few years but in 2009 it has been different. Certainly not because we have played our part any less effectively but with the sterling/yen rate moving so dramatically at the end of 2008 we have not been able to purchase stock during 2009. This leaves us with something of a waiting game. Without any doubt we will continue to look after our customers as well as we ever have done but it has become difficult to tell when the franchise will resume normal service in the UK from the viewpoint of new car sales.

Our business in China has had a particularly busy 2009 with the ongoing day to day services we provide our many clients in the region. IM's excellent staff have worked tirelessly this year with great success in our VCA business to name but one. However, the events of summer 2009 perhaps fittingly mark the year as a whole, as we signed contracts to represent Great Wall in another seven European markets in the Nordic region. This growing relationship further extends the Group's commitment to what will become an important business for us in future years, and will continue to bear fruit and give great promise.



This growing relationship further extends the Group's commitment to what will become an important business for us in future years...

There is no doubt that if you were to ask anyone from our parts operation they would tell you that there have been many challenges in IM Parts & Service these last few years.

We are never promised that life will be easy or that we won't meet any challenges along the way. In fact if we are ever promised anything it is probably the opposite. The way IMPS has been responding to these challenges has been impressive and 2009 has now seen us turn many of these problems, as the old saying goes, into opportunities.

Cost cuts within IMPS have been significant in both senses of the word. That we have been able to make these necessary changes and continue to provide a world class service to our customers is not only heartening but also fundamental to our success. When challenges come we have to meet them. Simple as that.

As you might imagine, there are many more things that occurred within IM Group throughout 2009, which, as it turns out, was an eventful year. These few lines give you a flavour of what the company has been dealing with during the year but in 1992 Queen Elizabeth II described a terrible year for her as an 'Annus Horribilis'.

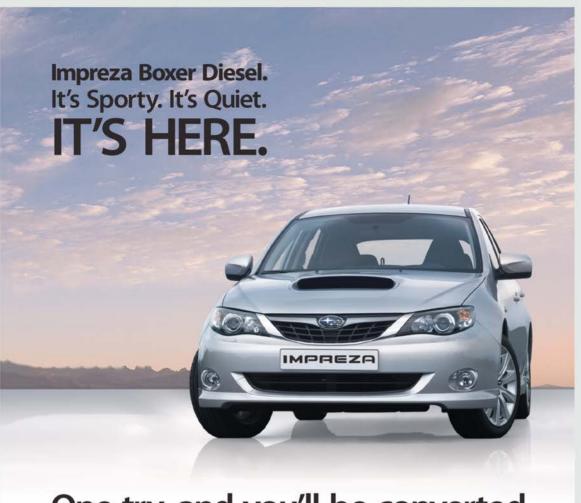
Was 2009 IM Group's Annus Horribilis? Well, to answer that question we have to evaluate the way we, as a company, have been rising to the challenges 2009 set us.

The only possible conclusion is that this is still work in progress, but there is no doubt the signs are good.

So, was this a terrible year? Well, if we manage to hit top gear as we make our response and learn to overcome any obstacle, then maybe not. In fact, in future years we may well even look back and realise that 2009 was the making of us and that can only mean one thing.

It must have been a great year!





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SUBARU IRELAND

Two important messages in this advertisement. The arrival of the Boxer diesel engine gives Subaru a significant advantage in a market where lowemission and diesel cars are vital to secure sales. One try and you are converted' picks up on Subaru's sponsorship of the Irish rugby referees - a move loaded with benefits in a rugby-mad country that won the last sixnations cup!







FROMSTRENGTH TO STRENGTH



MANAGING DIRECTOR. IM PROPERTIES

Mike Adams, managing director of IM Properties plc., describes to Chris Poole how prudent strategies kept the company healthy and profitable through a recession-savaged 08/09.

Few in the property business could sit quite as relaxed as Mike Adams and declare: "We've actually had a good year." Not, that is, if they were talking about 2009. But that's just how Mike opened our conversation in the IM Properties' office at Haseley Manor, one of the company's many prestige properties. Although he was quick to add that it had been a difficult 12 months because of the banking environment.

"Banks are currently very nervous of property companies, so it has been very challenging. But it helped that, as a company, we've never been highly geared in terms of borrowings. We've

always maintained a very good cash surplus and we have kept the development arm - which is a minor part of our business - at a controlled level. "Development and construction is, of course, where the major issues have been. Having said that, one of our two significant development sites - Birch Coppice, at Dordon - has done extremely well for us. At the other development site - Coleshill, where the IM Group head office is located - the idea is to build more IM Housetype headquarters for other companies." Not that Mike expects to see construction starting at Coleshill any day soon.

"There isn't a market for grandiose headquarters buildings at the moment." But he is not unduly concerned because, as he explains, the development arm of IM Properties is quite small, relative to the overall size of the property company which, thanks to those prudent strategies implemented in the past, has £60 million in the bank and £550 million worth of property assets in the UK, France, Germany and America.

"Having that [overseas] diversification has helped us enormously," said Mike. "We made a decision back in 2005/2006 to sell properties in the UK because we could see the market was very high. We reinvested the proceeds in France, Germany and the US at a time when the pound was very strong against those currencies. The result was that we made significant currency translation profits. "During 2007/2008 we made a decision not to buy in the UK and our emphasis has been on conserving cash and maintaining a strong balance sheet.

Today, however, we're back looking to buy property in the UK because the market is very







depressed and there are a number of good deals to be had. We feel the market has turned, going from being too high to being very low. But we are going for quality properties, those with long leases, good covenants and in good locations." On that basis, IM Properties has made two acquisitions this year while still considering two or three more. The first acquisition was an £11 million office building in Cambridge that is let to a major firm of lawyers. The second was a £37 million, out-of-town, shopping centre just off the M25.

Meanwhile, in America, IM Properties is completing acquisition of three J P Morgan Chase bank branches, all in the State of Illinois. And three properties, all multi-let retail developments, are being acquired in Germany.

"All this has been achieved during a period when banks have been very tough with a lot of property companies and there have been some major failures," he said. "However, we have long-standing banking relationships. Almost without exception they have come through with good facilities and support for us. In addition, we have successfully renegotiated all of our banking facilities - very much in our favour effectively for the next 18 months. This gives us a lot of stability." Mike handed over the day-today running of IM Properties to Gary Hutton towards the end of the year. Gary became chief executive, while Tim Wooldridge - previously IM Properties' investment director – became managing director responsible for property, both investments and development.

"This reflected the size of the company today and the importance we attach to Tim's position in the company," explained Mike. "If we haven't got someone out there buying and selling property, we don't have a company."

Gary has a long association with IM Group, originally at the company's auditors BDO Stoy Hayward, as an adviser on tax and accounting matters. More recently, he became group administration director. He was recruited to fill the vacancy left when Bob Browning retired. "Gary will do what I did in terms of running the business," said Mike. "But as IM Group finance director, I will continue to look after the funding side of the property company."

So having handed on a healthy company, what does Mike think Gary's first year will be like? "Next year will very much depend upon what happens in the market," he said. "There is no question that very good quality properties have come off the bottom. For example, a property costing £10 million six months ago will now cost you £13 million. At the top end of the market there has been some growth, although in secondary property we're not seeing any growth. And there's genuine concern about the retail sector because the consumer is still not out there spending money. We've already seen a few high-profile bankruptcies this year and it's still not clear as to where the market is going." Even so, with cash in the bank and sufficient funding in place, Mike expects Gary to be making

acquisitions - provided he can find the right property. "But he will be very selective in the UK," cautioned Mike. However, IM Properties will continue to expand in America where it can buy really good quality properties with long leases. But everything the company does will be done within its funding capabilities. The word 'over-stretched' simply does not exist in our vocabulary."

The reason Mike favours continued prudence and caution is that he sees current conditions as uncharted territory. "We've experienced recessions before. But this one is different because it was led by the banks who were very much at fault. And the banks are not out of the woods yet. We know they have toxic assets. We know they are being encouraged to lend - but they're not lending, they are shoring up their balance sheets... So if you are a property company and you can't borrow, it makes it difficult to keep the market moving. That's not a problem in our case. But we're going to continue to be very conservative.

"It would be very tempting to go into the market now and snap up properties at very high yields. But these would be secondary properties with short leases and I don't think we're about to do that. IM Properties will always be conservative, measured and not trying to grow too quickly."



DAVID CHALLINGR FINANCE DIRECTOR Fortunately, we were in a position to recognise that we had some issues and we restructured the company in advance of the credit crunch.

A STITCH IN TIME

David Challinor reveals how and why The Funding Corporation went through a process of self-examination and restructuring

In the unlikely event of David Challinor and his fellow directors and senior managers at The Funding Corporation finding small holes in their socks, the repairs they make will be pretty effective. For they have just proved they fully believe in a stitch in time saving nine...

Okay, so it's not the best analogy. But even before the credit crunch, David and his team took TFC through a dramatic process of self-examination and restructuring. As a result, the organisation has survived the worst economic downturn since the great depression of the 1930s and emerged growing its profitable business streams.

Reducing the Chester-based lender, car retailer and debt collector's head-count from 600 to 250 was, says David, a painful but vital move. "We could not sustain a loss-making business. As a result of the changes we halved our operating cost base enabling us to make the most of the profitable businesses without being dragged down by excessive costs. We exited the loss-making areas which has left us to concentrate on our core capabilities and the profitable products within the company. The loss-making areas were what we called our 'prime' businesses."

Ironically, because it attracts higher margins due to greater risks, TFC's sub-prime business is one of the profitable areas. Yet the phrase 'sub-prime' has shot into our everyday vocabulary carrying

overtones of 'risky business'. David doesn't see it that way. "Sub-prime is not a reputational risk to TFC. It is definitely our core area going forward. With over 20% of the UK population falling into credit difficulty at least once in their life-time, the sub-prime industry is here to stay.

"There has been a lot of bad publicity on subprime emanating from America. And there has been a lot of lending that would seem to have been quite irresponsible. TFC prides itself upon being a responsible lender. We see that lending to the sub-











prime population is a service in that it allows them to repair their credit rating over a period of time."

The sub-prime population includes people with an impaired credit history thanks to one or more significant changes in circumstances - such as losing a job or divorce - leading to a Default or County Court Judgement. They then find it difficult to get credit from High Street lenders. But TFC's underwriting processes carefully examine the individual's circumstances and seek evidence that the person has overcome the problem and is moving out of debt.

To continue to move out of debt, the individual may well need a car. This is where TFC's subsidiary, ACF Car Finance, comes into its own by identifying a selection of cars from its pool of used two- to three-year-old vehicles, all put through a 136-point preparation check and MoT test. ACF has eight branches throughout the country where customers are directed by appointments made through ACF's Chester call centre. For customers to whom TFC cannot lend the money they want, it has Cygnet Financial Services, a subsidiary providing finance for buyers of lower value cars.

"We'd be looking for a deposit from these customers to show a willingness to keep paying," said David. "For the people to whom we're

lending, a car is definitely not a luxury item. It is an essential for getting to work, or transporting the family around. We look for people who are going to pay because they need the car."

With ACF moving around 5,500 cars every year, it is a vibrant business. While new-car sales have been adversely affected by the credit crunch, David sees little impact on those who run older cars and need to update with a younger model.

He is also bullish about IM Financial Services Leisure, the IM subsidiary arranging finance (through a joint venture with Fortis Lease UK) for static and touring caravans, lodges and mobile homes. David has responsibility for this subsidiary. "It's a growing business. With the euro exchange rate people are having second thoughts about going on holiday to Europe. They perhaps enjoy holidaying in the UK something they might not have done for some years. As a result, we're seeing quite an upturn in the number of people buying caravans."

Likewise, he sees good prospects for TFC's Red2Black Collections Ltd. "Some companies who, in the past, have sold their debts are finding they are unable to do that today. But Red2Black will collect that debt on their behalf. We offer a full range of debt collection services and it is a

growing business. "It's exciting that we're moving forward and have created more stability within the company after quite a difficult period of change," he said, "I see the group concentrating on a sustained profitable performance. In the past there have been ambitious growth plans. However, legislative and regulatory changes introduced since we established the group in 2001 mean things are different today. Ambitious growth plans now tend to backfire. A lot of companies are suffering from that. Fortunately, we were in a position to recognise that we had some issues and we restructured the company in advance of the credit crunch. We saw we had a problem and we did something about it. We were proactive in exiting the loss-making businesses, restructuring the remaining businesses and halving the cost base through a number of initiatives to position ourselves to go forward with a profitable business plan."

Some of those who didn't grasp the nettle have paid the price. "A number of ACF's main competitors have suffered and have had to withdraw from the market for a number of reasons," said David. "This has moved ACF to now become the UK's leading sub-prime car retailer."





THINKING BEHIND IMPACT

Anna Molander Donas



DAVID WHEATLEY GROUP ACCOUNTANT

Keith Read investigates the thinking behind IMPACT and the difference it has made to some of those now employing it in their everyday roles.

Change is almost always difficult to accept. And there have been many changes within the IM Group over the past couple of years. Unlike the steady and measured evolution that has seen the organisation grow over the past three decades, the recent changes have been sudden and significant - relocation, redundancies and recession to name but three.

In any organisation, those three Rs would inevitably take their toll on morale and motivation. As a result, IM looked to external consultants - Sewells - for a way of overcoming the adverse effects of change and motivating staff to move forward in a positive and efficient way that, ultimately, would benefit the whole company and everyone in it.

A heavily focused programme of presentations and training for all staff was developed in conjunction with IM management and was led by Chester-based Sewells, a highly-respected behavioural-change company whose chairman, Dr William Holden, says every man and woman in an organisation is responsible for its success or

failure. If their attitude is right, companies cannot lose. If it's wrong, companies cannot win...

One of those senior managers was group accountant, David Wheatley. He has become a champion of IMPACT and just the person to give me an overview. Of the 12 IMPACT values, which staff have literally signed their names to. he said: "People say that they are fairly obvious. But just to have them written down in a clear way gives people a focus that's necessary." Motivation within IM was not, he says, particularly low. But the company had been going through a difficult period with falling UK car sales and the move from West Bromwich to Coleshill. "It also came at the time when Bob Edmiston was planning to take more of a chairman's role and Andrew Edmiston would become the chief executive driving IM on a daily basis. IMPACT was almost a step on the way to Andrew achieving that. It was a big change within the Group."

David said the majority responded very positively to IMPACT and felt refreshed. "There were one or two old cynics who said they'd seen it all before. But you always get that. And when you look at IMPACT, it is common sense. However, things that are common sense, and appear obvious, are often overlooked..."

So what has IMPACT done for David? "It has helped me to focus upon making myself more accessible to my team. If people come to me, even with a small problem, I can take steps to deal with it before it festers and becomes

a major problem. I want my staff to have the power to question things. But there is still a bit of reluctance to say to your boss: 'Look, I don't think this is working'."

In his view, there is lots of evidence that IMPACT is being taken up. He admits that in certain parts of the company, it's possible that a factory-style 'us-and-them' culture can develop. And while IMPACT has more to overcome in those areas, he believes that it has more to give too. "It gives people who may see themselves at the lower end of the organisation chain a sense of being, and a sense of being part of the company. It empowers them to see that their job is important and that they contribute to the whole.

"We are selling products into a market place that is ever-changing, and we have to change to adapt to the market. Some basics that we did when the company was formed in 1976 may still apply. But some may not. When it was very much a small, close-knit team, working out of one office, it was very different. Today we can really call ourselves an international group. And the way you manage an international group requires different things to the way you manage one office out of West Bromwich."

IM is, he says, on a journey with IMPACT. "It's like being on a bus journey. But if you don't want to be on that journey, I think you should get off the bus."

"During 2009, the financial

but we are doing much better

been as a result of the effect of IMPACT and the way we are managing our business."



Managing Director of IM Nordic

IMPACT was not only rolled out to IM staff in the UK, it was also presented to employees in China, Ireland and Scandinavia. This is what some of the IM Group employees feel about IMPACT.



SEAN DUNNE SUBARU IRELAND

"IMPACT is very important. As a small company it has always been important for us to be agile, inventive and open. A second benefit of IMPACT is the feeling of inclusion within the IM Group. It has been easy in the past to sometimes feel a little marginalised. IMPACT has given an embracing feel to a unified attitude and response."

ELLEN SMITH **UK ALLOCATIONS**

"I've found IMPACT has made me appreciate how vou work with members of a team. I became more conscious of what I did. and how I considered others' points of view. And IMPACT has gone beyond work because I've found it a benefit in my private life too."



DARREN JAMES UK PARTS & LOGISTICS

"IMPACT has given us a standard to which we can adhere, a strategy and philosophy that we can pull right through our side of the business. We are the area that has probably taken IMPACT on board most seriously to date. We take one of the 12 values each month and champion that value throughout all our departments, and try to implement it. It's a way of bringing those values to life. Otherwise they are just so many words on a piece of paper."



KATE BISHOP PUBLIC RELATIONS

"One of the things we've implemented throughout the company, following IMPACT, is that telephones are always answered. They no longer go to voicemail. And that is appreciated by the people calling us. I know that busy journalists calling me are really frustrated when they get voicemail. Now, the call is answered by someone who will explain that I'm not immediately available. They will take a message which means I can return the call as soon as I return to my desk."





JACKIE TYTLER **HUMAN RESOURCES**

"Absolutely fantastic! Training isn't always seen to be delivered to everyone across the company. But IMPACT went from top to bottom. We did have some negative people who de-motivated staff, and that downward spiral really was apparent. But IMPACT has addressed that. In my everyday work it has given me the knowledge that I do have the support of my director. My one concern is that I'm not sure that all managers have taken IMPACT on board. I think some are paying lip-service to it."

GREAT WALL Text by Chris Poole

Chris Poole



NEW OPPORTUNITY

For more than five years, IM Group has been working with China's auto maker GWM.

THE COMPANY

Great Wall Motor Company stands out among Chinese auto makers.

THE PRODUCTS

GWM is planning to offer a comprehensive range of vehicles.

GWM ANSWERS...

...five key questions regarding the company's dealings with IM - and GWM's future.

NEW

PPORTUNITY

For more than five years IM Group has been quietly working with one of China's top auto makers.

This ambitious plan will see Great Wall Motor Company (GWM) take significant steps in its plan to become a major global player. For IM the collaboration will see it hosting, once again, a volume franchise. And much of the future's headline-grabbing action will start in the New Year! Leading the IM team that has been driving the preparations for GWM's entry into Europe is David Wall, director of business development, who recently revealed the plans in more detail.

"We signed the agreements for the UK about two years ago," he said. "We have excellent relationships with GWM and were very happy to work with them to achieve European standards. But we wanted an assurance that, at the end of the process, there was something for us." IM has a team of 40 people in China, based in Beijing. "Since we signed the agreements, five of the Beijing staff are dedicated to working with GWM," said David. "They are working on the development of the internal systems

of parts, after-sales, warranties etc. Our relationship with GWM is very strong. We've been working with them for more than five years. We understand each other well and we find GWM people very easy to work with. They have an insatiable thirst for knowledge. Their company motto is: Improving littleby-little, every day. And they do!"

EUROPE BOUND

Once the agreements had been signed, and development of





DAVID WALL DIRECTOR OF BUSINESS DEVELOPMENT

They have an insatiable thirst for knowledge. Their company motto is: Improving little-by-little, every day, And they do!

GWM's products for Europe got under way, IM started to think in detail about the launch. "Bearing in mind it's an almost unknown brand outside China - a brand new marque coming into the European marketplace - we thought that a launch in the Baltic states of Estonia, Latvia and Lithuania would be ideal," said David.

"The Baltic states will give us a relatively quiet launch pad because volume there isn't the issue. It will enable us to prove the systems, procedures and products in a market where they can be carefully monitored and controlled before starting in some of the more established high-volume markets of Western Europe."

The beauty of the Baltic states for such a launch, says David, is that they won't take huge numbers of vehicles. But they do demand everything in terms of European

that

the

O2 of 2010 and a UK launch in Q1 or Q2 of 2011, although this standards is not yet set. Nor have we set a

UK and the rest of Europe does - not just for the vehicles, but also in terms of distribution and dealerships etc.

After a successful launch in Estonia, Latvia and Lithuania, the aim is to open up the Nordic countries, probably at six-monthly intervals. This will give the new Great Wall Nordic team the time to prepare each country -Sweden, Finland, Denmark and Norway - although not necessarily in that order. Then, depending upon the pace of right-hand drive development, IM will introduce GWM into Europe through the UK and Ireland.

SO WHAT ABOUT TIMINGS?

"While these can never be firm, even at this relatively short distance, the objective would be the Baltics in

Nordic launch date yet," said David. "The precise details of which country, and when, will be decided over the next six to nine months. But we'll test GWM's systems during the Baltic launch and then roll out the whole programme over the next two years to fit with GWM's own launch programme for the models it wants to launch into Europe."

All the vehicles destined for Europe are being built with, and specifically for, European wholevehicle Type Approval. Some have already achieved this. As a result, all GWM's models heading west will be suitable for European markets. It had been considered possible to launch GWM in Europe earlier. However, the two cars selected for evaluation didn't meet the standards that both IM and GWM wanted. "GWM wants its cars to have a top NCAP safety rating," explained David. "So the decision was made not to launch on those two models, leaving GWM to concentrate its efforts exclusively on the cars being designed for the European market. The two cars could have been modified. But the development costs for installing extra airbags etc. was ridiculous. It's far better we have cars where European Type Approval and maximum safety has been built in from the outset."

When GWM is rolled out in the UK and Ireland. IM will use a combination of its existing dealers and new appointments. The range will go from a Supermini, right through to full-size SUVs, which is why IM will need to look outside its existing dealer network to get the appropriate coverage needed. As David puts it: "This will, without question, be a volume franchise!"

UK LAUNCH

The launch programme will be influenced by the availability of products from China, says David. "We don't want to launch a one-car franchise. We want two or three models available. But, at the same time, we don't want to launch the full range all at once. That would be a massive undertaking."

For its own launch in Continental Europe, GWM is taking IM's advice to appoint distributors based on clusters of countries, although that may be different for the main markets of France, Germany and Italy, and possibly Spain. GWM is undertaking those appointments. "However, GWM sees the ultimate launch through IM Group into the UK market as being its grand entry into the European market," said David with a proud smile on his face. "Its entry into other European markets will follow in the fullness of time."

MARTIN DALTON

OPERATIONS DIRECTOR

GWM are best placed to meet the expectations of the European market.











THE COMPANY

So much about Great Wall Motor Company Ltd makes it stand out among Chinese auto makers.

From relatively humble beginnings producing pick-up trucks, the company - which is based in Baoding, some 125 miles or 90 minutes' drive south-west of Beijing – has grown over a quarter of a century to be a jewel in the country's industrial crown.

"It is one of the few privatelyowned companies in China and was the nation's first privately-owned auto maker to be listed on the Hong Kong Stock Exchange," said Martin

Dalton, operations director for IM Group's business development department and a frequent visitor to China and GWM. "With a total of 30 subsidiary companies, it is highly recognised in China and has the coveted honour of being one of their top-10 best brands." Over the past decade GWM has seen a consistent period of rapid growth with almost a third of its total production being exported. The company has 22,000 employees and the capacity







to produce 400,000 fully-built vehicles a year as well as CKD kits for assembly elsewhere. In 2010, expansion of production facilities will increase output to 500,000 units a year.

The main Baoding factory is a fully-integrated facility, soon to be complemented by a new plant being planned in Tianjin. "GWM has full R&D capability," said Martin. "The company can test up to European standards almost every single Type

Approval item, including emissions and pedestrian protection. And GWM has developed a full range of vehicles. Soon it will have D-segment passenger cars too."

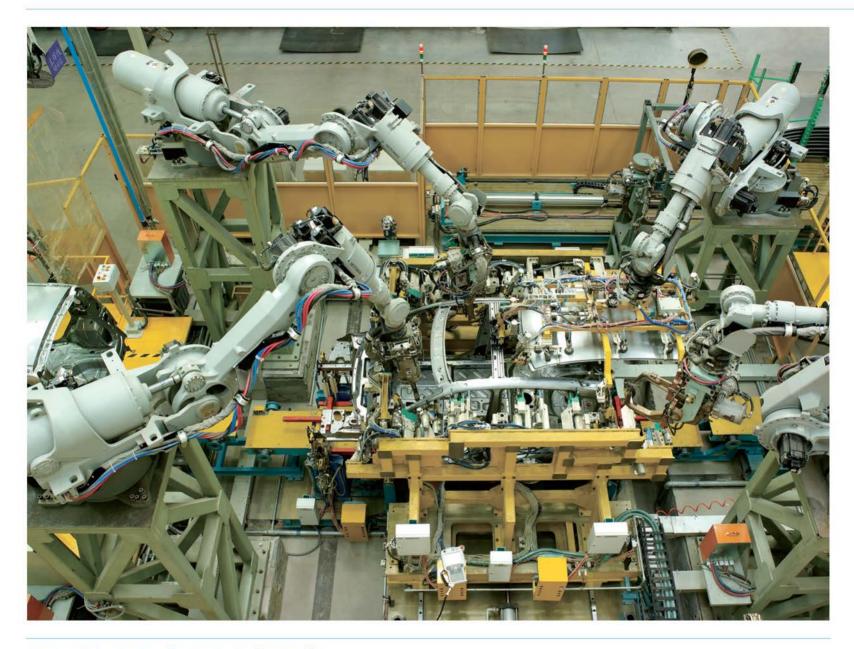
David Wall says GWM's production facilities are the equal to anything found in Europe - if not better in some cases. "This is because they are very new," he pointed out. "The company has not sought to limit or compromise its investment in plant. It has built its

own test track and full-sized crash laboratory which, I believe, is the only crash lab to NCAP standards throughout the whole of China. Where the expertise does not exist in China, GWM will call it in from the best in the world."

Interestingly, in the words of the saying that behind every successful man is a successful woman, GWM is headed by Madam Wang. "She is general manager of GWM, a very intelligent lady who understands

the industry and understands the products," said David.

Under her direction, GWM has set out its objective. It wants to become a top name among global automotive manufacturers. And the next stop on that carefully planned journey - assisted by IM Group - is Europe.



THE PRODUCTS

GWM is planning to offer a comprehensive range of vehicles "Across the entire range, GWM is looking at manual, automatic and CVT transmissions, said David Wall. "There will be a mixture of petrol and diesel engines. However, its current diesel is only Euro 3 and therefore not acceptable. This is why GWM will

probably go straight to Euro 5 for its new diesel, with an eye on Euro 6, and not bother with Euro 4. The company plans to always be ahead of European requirements because there is no point building something that's going to be obsolete in 12 months' time."



PICK-UP TRUCK

The pick-up, which is already in production, and the existing SUV will be the two vehicles launched in the Baltic States.

H5

The H5 Hover is the latest variant of the Hover series of vehicles. The current generation is the top selling SUV in China and is currently exported to the Middle East, South America and South Africa.



PHENOM

The supermini will go into production during 2010 with a C-segment car following on. These two key models will be of major significance to the European market.

Engine sizes range from 1.3-litres up to 2.5-litres. Current diesel engines are 1.6-litres, 2-litres and 2.5-litres. But David is keen to point out that these are relatively early days in GWM's engine

development programme and it will be a case of watch this space. GWM has already achieved European whole-vehicle Type Approval on two models - the Florid and the Coolbear. The achievement was

celebrated in China in September. But those are the models that do not meet the level of NCAP that GWM wants. As a result, we won't be seeing them.

"My Chinese team has been

working hand-in-glove with GWM on advising and guiding where they need to go," said David. "This has been the case at almost all stages of development in the context of the European market."



We asked Mr Wenlin Xing, vice-president of GWM, five key questions regarding the company's dealings with IM - and GWM's future.

Q. HOW HAS THE IM EXPERIENCE BEEN FOR GWM?

Great Wall Motor and IM Group have kept in close contact since 2002. During this period, we have received great help from IM Group and we have formed a long-term cooperation partnership. Although there will be many twists and turns as Great Wall Motor enters Europe, both parties are confident of success. I believe Great Wall Motor will establish glorious milestones entering the EU market. The launch in the Baltic markets will be the first fruit of our cooperation and I believe it will lay a solid foundation for Great Wall Motor's entry into the UK and other EU markets.

Q. WHAT IS THE SINGLE MOST VALUABLE CONTRIBUTION YOU HAVE RECEIVED FROM THE IM GROUP IN TERMS OF HELP?

There are several examples of valuable help that IM has given Great Wall Motor. We have also benefited a lot from:

1) product information regarding the European market. 2) guidance suggestions on product development, as well as some wonderful ideas for the market development and management. 3) unceasing support on homologation helping us to open the door to European markets.

O. HOW IMPORTANT IS THE EUROPEAN MARKET TO GWM?

The chairman of Hyundai Motor, Chung Mong-koo, once said that grasping the three major markets of the United States, Europe and China held the key to the gates of the future. From his words we can see the importance of the European market because we are focused on a global market, not just our domestic market. I see Europe as the high ground for Great Wall Motor as we develop a global market. Achieving success in Europe will mean that we have achieved success in a third of the global market... Because the European market is one of the most developed, with high levels of automotive engineering and advanced technology, success there will mean our products have achieved those levels. And because the European market is fiercely competitive, this will be a great incentive as we continue to develop our products.

O. WHAT IS GWM'S LONG TERM AMBITION?

Our ambition is to produce fashionable, stylish, highperformance and elegant vehicles with innovative technology that make Great Wall Motor an



Wenlin Xing (right) vice-president of Great Wall Motor with Shang Degang, managing director of IM's Trade Assist in China.

excellent international brand, succeeding in the global market place.

Q. WHO DO YOU CONSIDER TO BE YOUR BIGGEST COMPETITOR IN THE EUROPEAN MARKET?

Because Great Wall Motor will be a new brand in Europe, it will take time to grow in that market, just as the Japanese and Korean brands have before us. So, in the initial stages, I believe the competition will be from those Japanese and Korean brands, Of course, Chinese, Korean and Japanese companies are all 'foreign brands' in the European market, and consumers will naturally make comparisons between us and their domestic

brands. But we believe that Great Wall Motor will become the leading Asian automotive brand with a solid market in Europe as well as an outstanding international brand.

"IM Group has been at the forefront of identifying and launching new automotive brands into European markets for over 30 years. Great Wall will be a ground-breaking project that will help to define the European market for the rest of this century"

R. N. Edmiston Chairman, IM Group

THE FUTURE

Andrew Edmiston looks at how the strategies adopted throughout 2009 will aid the growth and development of IM in the coming years.

At the recent IM Summit, held with some of the senior management of every IM Group company, I stated that at the beginning of this year there were three questions that our company had to answer. First, would or could we survive what has been widely acknowledged as the worst downturn for more than a generation? Secondly, could we avoid losses in 2009 and finally, the third question, assuming the answer to the first two questions is 'yes', what would the future look like?

We have answered the first two questions in a positive manner – and with a positive answer. We will survive and we will also be profitable this year, and since there may not be too many motor companies who could answer in the same way, shouldn't we be satisfied?

Without question it is better to survive and be profitable than the alternative! However, having that as an ultimate aim won't get you out of bed in the morning for very long. It takes the hope of an exciting and healthy future to do that.

With this in mind, November's IM Summit provided an opportunity to clarify with management the strategy that we have been working to over the last couple of years and where initiatives like IMPACT fit into that strategy.

Put simply, our strategy focuses on two key themes: first, 'add value', then secondly 'reduce per-unit costs'. As a company we want to be the best choice for vehicle manufacturers seeking private distribution in the markets we operate in and, to achieve this, we must make sure that we are adding value in everything we do. In the real world adding value means 'making it easier for us to sell'. For instance, when we and our dealers combine together to deliver an outstanding customer experience, it will be much easier for us to sell to the customer their next car. This is adding value.

The second part, on the face of it seems to be solely about reducing costs - but don't be fooled. You can never consider costs independently of sales. Focusing on cost per unit makes sure that

we are not looking to reduce all costs, only those that have little or no benefit. It may also mean increasing our investment into areas that will bring extraordinary benefits, in terms of sales, in the future. It's why, as you have read earlier, we have continued to invest in our CRM programme during this period.

With the brands we represent and the markets we represent them in, both existing and new, we now have the opportunity to take a significant step forward in the growth and development of IM Group. In the last 20 years, our groupwide new car sales volume has fluctuated in the 10,000- to 20,000-unit range and, at some point during the next 10 years, I estimate that it will be within our grasp to hit 50,000 units in one calendar year.

Now that is worth getting excited about!

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